




Council Communication

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: JESS ROMNEY, CPPB, PURCHASING SPECIALIST 480 503-6818

THROUGH: CINDI MATTHEISEN, FINANCE DIRECTOR (6856)
MARC SKOCYPEC, ASSISTANT TOWN MANAGER (6862) 

MEETING DATE: APRIL 19, 2012

SUBJECT: APPROVAL OF A COOPERATIVE CONTRACT FOR FLEET CARD SERVICES.

STRATEGIC INITIATIVE:

N/A

LEGAL REVIEW

☒ Complete

☐ N/A

FINANCIAL REVIEW

☒ Complete

☐ N/A

RECOMMENDED MOTION

A MOTION TO ENTER INTO COOPERATIVE CONTRACT 2012-1303-0220 WITH U.S. BANK PURSUANT TO STATE CONTRACT EPS070130-1-A3 FOR FLEET CARD SERVICES AND AUTHORIZE THE MAYOR TO EXECUTE THE REQUIRED DOCUMENTS.

BACKGROUND/DISCUSSION

The Police Department maintains a fleet of motorcycles used by the traffic enforcement unit. To work at peak performance these motors require the use of premium fuel. Since no other vehicles in the fleet require premium fuel, Gilbert motor officers currently carry and use purchasing cards (P-cards) for the purchase of premium fuel from local gas stations. Police also has undercover officers that use P-cards to purchase fuel. Additionally Fire uses P-cards to purchase fuel for vehicles located at some of their outlying stations.

In fiscal year 2011, total P-card fuel purchases were just over \$63,800 and for fiscal year 2012, as of the preparation of the communication, P-card fuel purchases are just over \$55,000. The fuel purchased from these local gas stations includes federal excise and state taxes. As a municipality, Gilbert is exempt from

paying federal excise and a portion of state tax. To recoup these taxes, approximately \$4,500 per year, staff manually tracks P-card fuel purchases and submits for a tax rebate.

The State of Arizona has contract EPS070130-1-A3 with U.S. Bank to provide Voyager fleet card services. When used to purchase fuel the Voyager fleet card system deducts the federal excise and state tax at the point of sale. Voyager also requires the odometer reading and a PIN or ID number to be entered at the point of sale. The Voyager system also gathers other data such as gallons purchased, price per gallon, and fuel grade. All of this data can then be accessed through a web based application. Reports can be run and mileage and fuel consumption data can be downloaded into Gilbert's current fuel tracking system. Currently this data is collected and entered manually. This data is used by fleet to track and schedule vehicle maintenance.

Staff would like to transition these fuel purchases from the P-card to the Voyager fleet card. We will pilot the program with Police and then expand to Fire.

The Contract was reviewed for form by Attorney Wendel.

FINANCIAL IMPACT

Under this proposal, efficiencies will be realized within several departments: Police, Fire, Finance, and Fleet. Manual tasks will be either automated or eliminated thus saving staff time. The increased amount and accuracy of the data collected will provide Fleet up-to-date and accurate information for their preventative maintenance schedule. Finally, with the taxes being deducted at the point of sale the fuel cost to the departments will more accurately be identified as opposed to the monthly rebate process currently utilized.

The financial impact was reviewed by Laura Lorenzen, Budget Analyst.

STAFF RECOMMENDATION

Staff recommends entering into contract 2012-1303-0220 with U.S. Bank for Voyager fleet card services.

Respectfully submitted,

Jess Romney, CPPB
Purchasing Specialist

Attachments and Enclosures:

2012-1303-0220

COOPERATIVE MEMBER ADDENDUM

This Cooperative Member Addendum ("**Cooperative Member Addendum**") is entered into, by and between U.S. Bank National Association ND ("**U.S. Bank**" and the Cooperative Member identified herein and executing this Cooperative Member Addendum as "**Cooperative Member**", and constitutes an addendum to and modification of the Participating Addendum, dated December 12, 2007 (the "**Participating Addendum**") between the State of Arizona (the "**State**") and U.S. Bank which constitutes an addendum to the Master Services Agreement 5-06-99-01, dated October 19, 2006, as amended (the "**MSA**") between the State of California (the "**State of California**") and U.S. Bank. This Cooperative Member Addendum shall become effective upon signing by or on the behalf of U.S. Bank ("**Effective Date**") and supersedes any previous and like addenda with the Cooperative Member.

RECITALS

- A. The State has entered into the Participating Addendum for the purpose of making available a Purchase Card Program, Corporate Card Program and Fleet Card Program as described in the Participating Addendum and the MSA for use by the State, its Participants and Cooperative Members;
- B. The State is willing to permit the Cooperative Member to participate in the Purchase Card Program, Corporate Card Program and Fleet Card Program provided that the Cooperative Member assumes all responsibility and liability for Cooperative Member's performance of the terms and conditions of the Participating Addendum and MSA as if the Cooperative Member was the entity signing the Participating Addendum and MSA as the State. Neither the State of California nor the State shall bear liability or responsibility for the Cooperative Member under the Participating Addendum, the MSA or this Cooperative Member Addendum; and
- C. Cooperative Member has received a copy of the MSA and the Participating Addendum from the State, and after a thorough review of the MSA and the Participating Addendum, desires to become a Cooperative Member; provided that the Cooperative Member assumes all responsibility and liability for its performance of the terms and conditions of this Cooperative Member Addendum, as well as the MSA and Participating Addendum, as if the Cooperative Member was the entity signing the MSA and the Participating Addendum as the State, but the Cooperative Member shall not be liable for the acts and omissions of the State of California or State under the MSA, the Participating Addendum or this Cooperative Member Addendum.

AGREEMENT

Now therefore, in consideration of the foregoing Recitals, which are incorporated herein by reference, the mutual promises and covenants set forth in the MSA and the Participating Addendum, which are incorporated herein by reference, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, all parties agree as follows:

- 1. Capitalized terms used in this Cooperative Member Addendum and not otherwise defined in this Cooperative Member Addendum are used with the same respective meanings attributed thereto in the MSA and the Participating Addendum.
- 2. The Cooperative Member agrees to accept and perform all duties, responsibilities and obligations required of the State as such relates to participants as set forth in the MSA and the Participating Addendum. Cards shall be issued to designated employees of the Cooperative Member upon execution of this Cooperative Member Addendum by Cooperative Member and U.S. Bank.
- 3. In order to determine credit qualifications for Cooperative Member, Cooperative Member shall provide U.S. Bank with the last three (3) years of audited financial statements with this signed Cooperative Member Addendum. Cooperative Member shall provide to U.S. Bank annual financial statements

thereafter. U.S. Bank will review the financial statements and notify Cooperative Member of the approval or decline of its credit qualification. If such financial statements can be independently obtained by U.S. Bank, Cooperative Member will not be required to provide such financial statements.

4. Cooperative Member shall make payment to U.S. Bank for all Debt incurred by Cooperative Member, its cardholders and Accountholders as provided in the MSA and the Participating Addendum. **"Debt"** means all amounts charged to a card and/or account including without limitation all amounts related to purchases, fees and other Charges that are owed to U.S. Bank by Cooperative Member, its cardholders and accountholders.
5. Cooperative Member declares that cards shall be used for official Cooperative Member's purchases only, and shall not be used for individual, consumer purchases or to incur consumer debt. Cooperative Member warrants that it possesses the financial capacity to perform all of its obligations under the MSA, the Participating Addendum and this Cooperative Member Addendum.
6. **Effect of Early Termination on the Revenue Share Payment Under the Corporate Card and Fleet Card Programs Only.**
 - A. Upon the termination of this Cooperative Member Addendum for cause by Cooperative Member or without cause by U.S. Bank, U.S. Bank will pay to Customer a pro rata portion of the Performance and/or Volume Rebate based on the number of completed months between the start of the Addendum/Agreement Year, as applicable, through the effective date of said termination. If any Revenue Share payment date falls on a non-business day, Revenue Share payments due shall be made on the next business day.
 - B. In the event that the Cooperative Member Addendum is terminated early without cause by the Cooperative Member or with cause by U.S. Bank, in addition to any other remedies available to U.S. Bank, this Revenue Share opportunity shall immediately terminate and no rebate shall be paid.
7. The representations, warranties and recitals of Cooperative Member set forth in this Cooperative Member Addendum, the Participating Addendum and the MSA constitute valid, binding and enforceable agreements of Cooperative Member. All extensions of credit made pursuant to this Cooperative Member Addendum, the Participating Addendum and the MSA to Cooperative Member will be valid and enforceable obligations of the Cooperative Member and Cooperative Member shall pay to U.S. Bank all Debts incurred by the Cooperative Member in accordance with the terms of the MSA, the Participating Addendum and this Cooperative Member Addendum. The execution of this Cooperative Member Addendum and the performance of the obligations hereunder and under the Participating Addendum and the MSA are within the power of the Cooperative Member, have been authorized by all necessary action and do not constitute a breach of any agreement to which the Cooperative Member is a party or is bound.
8. The notice address for the Cooperative Member is:

Cooperative Member:

Town of Gilbert

50 East Civic Center Drive

Gilbert AZ 85296

Attn: Jess Romney

9. **Authorization and Execution.** Cooperative Member represents and warrants that this transaction is within the scope of the normal course of business and does not require further authorization for the Cooperative Member to be duly bound by this Cooperative Member Addendum. This Cooperative Member Addendum requires approval as to form by the Attorney for the Cooperative Member. If this Cooperative Member Addendum is not approved as to form by the Attorney for the Cooperative Member, the completion of a Certificate of Authority is required and must accompany this Cooperative Member Addendum.

In witness whereof, the parties have, by their authorized representatives, executed this Cooperative Member Addendum.

Dated this ____ day of _____, 20__ by: _____

Town of Gilbert
Legal Name of Political Subdivision

(Signature of Authorized Individual)

John W. Lewis
(Printed Name of Authorized Individual)

Mayor
(Printed Title of Authorized Individual)

Approved as to form:

(Signature of Attorney for Political Subdivision)

(Printed Name of Attorney)

Dated this ____ day of _____, 20__ by: _____

U.S. Bank National Association ND

(Signature of Authorized Individual)

Jeffrey A. Rankin
(Printed Name of Authorized Individual)

Senior Vice President
(Printed Title of Authorized Individual)

U.S. Bank National Association ND

(Signature of Authorized Individual)

Kurt P. Adams
(Printed Name of Authorized Individual)

Executive Vice President
(Printed Title of Authorized Individual)
